

Do ESG Performance and Carbon Taxes Mitigate Climate Change? Evidence from Carbon Tax-Adopting Countries

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Abstract: Climate change is a pressing global issue, necessitating effective policy interventions and sustainable corporate practices. This study examines the impact of ESG scores, carbon taxation, and carbon emissions on temperature change in countries that have implemented carbon tax policies. Using panel data from 2000 to 2020, the study seeks to evaluate the effectiveness of both corporate sustainability initiatives and environmental fiscal policies in addressing climate change. The findings indicate that higher ESG performance and effective carbon tax mechanisms are significantly associated with reduced temperature change, indicating their potential role in mitigating environmental degradation and supporting climate goals. Conversely, increased carbon emissions are found to contribute positively to temperature change, highlighting their adverse environmental consequences. These results suggest that a combination of strong sustainability practices and well-designed carbon pricing policies can play a crucial role in reducing the environmental impact of economic activities.

Keywords: Carbon Tax, Carbon Emission, ESG Score, Temperature Change, Carbon Tax Implementation

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